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THE ART OF ONLINE SHOPPING

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Creating an online shopping store with high sales turnover requires the right mix and number of products, as well as communication and navigation tools

You are faced with this at least once a week.

You have a list of everyday items to buy from a supermarket. With a shopping list in one hand and a shopping cart in another, you walk into the store, look for signage along the aisles where your items could be found, pile your cart with products as you check your list. Once you are done, you head to the checkout counter, pay and bag your purchase and leave the store in, hopefully, record time.

Buying such utilitarian products in a supermarket with large product variety is akin to buying from an online store such as Amazon, says **Sandeep R. Chandukala**, Associate Professor of Marketing, Lee Kong Chian School of Business, Singapore Management University. He is also a co-author of the paper entitled [*Exploring the Effects of 'What' \(Product\) and 'Where' \(Website\) Characteristics on Online Shopping Behavior*](#) that was published in the 2016 issue of Journal of Marketing.

"When I shop at Amazon, regardless of the category, I can browse and check out really quick. This is because the interface looks the same for most of the categories. Information may be cluttered, but once you get used to it, you can log in, browse and check out really quick," he says.

"You know what to search for and read the product recommendations by other buyers at the bottom of the webpage. You can buy books and music CDs according to your preference. You know where the shopping cart is for checkout and the shipping details. There is a sense of familiarity, which could be due to your past browsing history and purchase behaviour."

According to the published study of data on browsing and purchasing behavior of 2000 consumers over one year across 43 product categories from 385 unique websites, Chandukala and his co-authors have found that a website's product scope encourages one's likelihood to buy online and stay longer on the website. It also contributes to high basket value—which is the actual amount paid by an online shopper. "All else being equal, a broad-scope retailer's mean basket value is 2.9% (\$2.82) higher in value than a narrow-scope retailer's," finds the study.

Similar to a visit to the supermarket, which requires minimal communication between staff and shoppers, the researchers find that a website with a wider product scope suffers from low basket value, purchase probability and page views when communication functionality increases.

“All else being equal, a unit (one standard deviation) increase in a website’s communication functionality is associated with a decrease of 3.4% (\$3.28) in basket value. One possible explanation is that due to the pervasive use of online websites, consumers find certain communicative elements to be clutter (such as e-mail and chat rooms) and therefore buy less and view fewer pages, but inadvertently spend more time gathering information in areas such as the forums and Q&A sections,” says the study.

However, how quickly one navigates through the online store encourages high basket value for utilitarian products, besides having easy access to product information, technical details and usage guide, says Chandukala.

BUYING LUXURY ITEMS

Shopping online for products with hedonic characteristics, such as watches or jewelry, is a different story. Being higher value than everyday products, shoppers would spend more time researching, gathering and evaluating information and feedback. This requires the website to have higher communication functionalities such as chatrooms, feedback channels and forums for shoppers to make informed buying decisions.

“We find that websites rich in communication functionality realize higher basket value for hedonic purchases. This finding supports our argument that when consumers are promotion focused in their purchase, seeking affirmation and support from others, the website’s ability to encourage this improves basket value,” the study states.

“However, navigational functionality helps realize higher basket value for utilitarian purchases but hurts hedonic purchases. This result is consistent with our view that certain aspects of the website that create clutter and do not add to the consumer’s shopping experience might hurt the basket value.”

EXPERIENTIAL SHOPPING

To understand shoppers’ behaviour and encourage them to buy online, exclusive online retailers have started to showcase their offerings in pop-up stores. Open only for a few months in malls, these pop-up stores would showcase products offered online, encourage consumers to try and interact with products such as apparel (for size and measurements) and gadgets. These items are often not for cash-and-carry purchases. Consumers would need to order online, either at the pop-up stores or at home and have their shopping delivered to them.

“These pop-up stores keep coming up in large malls, which gives the online exclusive retailers an opportunity to showcase what they have. Basically, it’s an experience. So a consumer walks into the pop-up store, tries the products, orders items via a computer in the store and leaves. And his/her shopping will be delivered to his/her house,” says Chandukala.

“Once people have become comfortable with buying the online retailer’s products, they will buy more online, which has the same interface when they go home and shop from their laptops and mobile phones as in the pop-up stores.”

The positive experience of shopping online is tantamount to high shopping incidents and basket value. To add the human touch to online shopping, pop-up stores could be one of the answers, coupled with online communication and navigational functionalities.

“Think of some of the big companies online—Google, Twitter and FaceBook. They do not have products but they are selling experience. They connect you to your friends and memories with posts, photos and videos,” says Chandukala.

“You can think about experiential shopping and events such as in-store demonstration of a new coffee maker. Staff will show you how the beans are crushed in the machine and demonstrate how the product works, which help consumers get rid of possible buying hurdles with experience.”

To increase online sales, a combination of online and offline strategies might be needful. After all, shopping is a personal, yet social experience that involves the senses and one’s quest for the best deal.

“The initial focus of brick and mortar retailers was to increase points of sales, by using promotions and coupons. Now the focus is on shoppability, the experience of the shopper and his/her interaction with the shelves for the next set of metrics for improving sales and revenue. This is a long process as there are many parts to each facet and combinations of only few are currently available,” says Chandukala.

“Not one strategy will work for everybody. There are so many aspects to a business such as the customers, products and the place where they shop, which can be online or offline. Understand and fine tune each aspect to provide a better shopping experience in the end.”

And that will ring in more sales to the till, online or offline.